CALIFORNIA DEPARTMENT OF
Mental Health

1600 9th Street, Sacramento, CA 95814
(916) 654-2309

September 18, 2003

Patricia Ryan
Executive Director
California Mental Health Directors Association
2030 J Street
Sacramento, CA 95814-3120

Dear Ms. Ryan:

Thank you for your letter on behalf of the California Mental Health Directors Association (CMHDA) requesting assistance in answering questions related to the implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Standards for Electronic Transactions Rule issued by the Secretary of the United States Department of Health and Human Services. As the compliance date for the implementation of the Transactions and Code Sets Rule quickly approaches, October 16, 2003, continuity of services and payments remains the highest priority for the Department of Mental Health (DMH). California's successful HIPAA implementation for Medicaid through the Short-Doyle Medi-Cal (SD/MC) system is a collaborative effort between the counties and DMH.

As we move forward with the implementation of HIPAA, which is a complex and ongoing process, communication between the counties and DMH is critical. DMH will continue to update the HIPAA website at: http://www.dmh.ca.gov/hipaa/default.asp, as information becomes available. In the meantime, I am providing the following responses to the questions identified in your letter.

1. Coordination of Benefits (COB)

   a. Does DMH intend to participate in COB activities?

      DMH does not currently coordinate benefits with other payers, nor does DMH plan to implement a COB process with the implementation of HIPAA in the near future. Medi-Cal is the payer of last resort in relation to Medicare; therefore, the county submits the claim to Medicare first. If the claim is denied, then a new claim is submitted to DMH. These are two separate claims. There is a field on the 837 transactions where the provider indicates that Medicare or other payer has been billed, and the amount, if any, paid. A similar process is followed when the other payers are private insurers.

b. If DMH intends to participate in COB activities, when does it intend to begin doing so?

N/A, refer to response to question1.a.

c. What code will DMH require counties to use to report the outcome of the primary payer's claim adjudication? Will DMH continue to require the use of the current crossover indicator code, or will it use an approved COB code? If DMH intends to continue to require the use of the current crossover indicator code, on what basis does DMH believe that this complies with the Transaction Rule? How will this impact DMH's processing of claims where there may be a primary payer?

DMH will require counties to use the codes identified on the following crosswalk to report the outcome of the primary payer's claim adjudication. DMH will not require the use of the current crossover code; refer to the following chart where the current codes have been crosswalked to HIPAA compliant codes. There will be no change to the current DMH processing of claims where there may be a primary payer.

SD/MD Crossover Indicator Crosswalk:

SD/MC Code	SD/MC Code Description	837P or 837I Field/Name 1	Value 1	837P or 837I Field/Name 2	Value 2
blank	No Medicare or other health coverage				
H	Non-Medicare certified provider	CLM07/Medicare Assignment Code	N		
N	Medicare covered recipient, however either Medicare denied the claim or the claim is for services that Medicare does not cover.	Loop 2320, SBR09/Claim Filing Indicator Code	MA, MB	Loop 2320, AMT02/COB Allowed Amount	0 (Zero)
P	Other health coverage	Loop 2320, SBR09/Claim Filing Indicator Code	10, 11, 12, 13, 14, 15, 16, AM, BL, CH, CI, DS, HM, LI, LM, OF, TV, VA, WC, ZZ		
X	Medicare coverage	Loop 2320, SBR09/Claim Filing Indicator Code	MA, MB		

d. Will DMH continue to issue the Error Correction Report after the Transaction Rule goes into effect? If so, will DMH issue the report using the Transaction Rule standards?

   Yes, DMH will continue to issue the Error Correction Report (ECR). The ECR is not a covered transaction; therefore is not affected by the HIPAA Transactions and Code Sets rules.

2. Translator

   a. Will DMH have a translator in place by October 16, 2003?

      Yes, at this time there is every indication that the translator will be in place and implemented by October 16, 2003. DMH has contracted with a vendor to assist with the translator programming and implementation. We are on schedule for implementation by October 16, 2003.

   b. Will DMH seek reimbursement from or charge any cost of the use of the translator to the counties?

      No. DMH will not seek county reimbursement for translating a county's 837 into proprietary format for SD/MC processing. If the counties want to use the translator for their own use, such as to create an 837, they would need to contract directly with Health and Human Services Data Center.

   c. When will DMH begin testing of the translator with counties?

      DMH began testing with the counties in August 2003. Responses to the HIPAA county survey (DMH Information Notice 03-07) are being used to establish a testing schedule.

   d. Does DMH have a contingency plan for receiving transactions from counties if the translator is not operating or is operating at less than full capacity by October 16, 2003?

      Yes.

   e. If DMH has a contingency plan for receiving transactions from counties if the translator is not operating or is operating at less than full capacity by October 16, 2003, please describe the contingency plan.

      The contingency plan is to hold claims until the translator is ready. If there is an extended delay, DMH may consider making interim payments to the counties.

f. Does DMH have a contingency plan for receiving transactions from counties that may not be ready to transmit Transaction Rule compliant transactions by October 16, 2003?

   Yes.

g. If DMH has a contingency plan for receiving transactions from counties that may not be ready to transmit Transaction Rule compliant transactions by October 16, 2003, please describe the contingency plan.

   The existing proprietary formats and codes will continue to be accepted from counties unable to meet the HIPAA Transactions and Code Sets (TCS) implementation deadline. This process will ensure continuation of payments for counties submitting claims.

h. How far beyond minimal format compliance functionality will the translator go to allow for full Transaction Rule functionality?

   The translator will allow DMH to adjudicate a fully HIPAA compliant transaction as specified in the DMH TCS technical guides (mappings).

3. Coding Issues

a. Does DMH intend to use only Transaction Rule compliant codes after October 16, 2003?

   If a county submits a HIPAA complaint transaction it must contain HIPAA compliant code sets. Transactions that are submitted using proprietary format must use the proprietary code sets.

b. Will DMH accept any HCPCS Level I (CPT) codes that are not otherwise specified in the DMH provided Short-Doyle/Medi-Cal HIPAA Crosswalk dated July 31, 2003 (“July 31, 2003 crosswalk”)?

   DMH will accept any HIPAA compliant codes, however, only the HCPCS codes listed on the DMH crosswalk dated July 31, 2003 (or as revised) will be paid.

c. If DMH will accept HCPCS Level I (CPT) codes that are not otherwise specified in the July 31, 2003 crosswalk, please identify those codes that DMH will accept.

   DMH will accept any HIPAA compliant codes, however, only the HCPCS codes list on the DMH crosswalk, dated July 31, 2003 (or as revised) will be paid.

d. If DMH will accept HCPCS Level I (CPT) codes that are not otherwise specified in the July 31, 2003 crosswalk, will DMH reimburse counties for claims made using those codes?

   No, refer to response to question 3.b.

e. Has DMH developed a crosswalk of HCPCS Level I codes to HCPCS Level II codes for use by counties and other providers?

   No.

f. If DMH has developed a crosswalk of HCPCS Level I codes to HCPCS Level II codes for use by counties and other providers, has DMH received approval from CMS for the crosswalk?

   No.

g. If DMH has not developed a crosswalk of HCPCS Level I codes to HCPCS Level II codes for use by counties and other providers, does DMH intend to develop such a crosswalk?

   DMH will not be issuing a general crosswalk. However, DMH will be updating the crosswalk for individual and group providers. Refer to the All County Mental Health Directors Letter dated January 5, 1999. This crosswalk is not for use by counties and other organizational providers because it sets fixed numbers of minutes for the cross-walked service functions. Counties and other organizational providers must bill actual minutes as a core element of the cost reporting system. Individual and group providers are exempt for cost reporting under our waiver programs.

h. If DMH will develop a crosswalk of HCPCS Level I codes to HCPCS Level II codes for use by counties and other providers, when will that crosswalk be available?

   N/A, refer to response to question 3.g.

i. If DMH will not develop a crosswalk of HCPCS Level I codes to HCPCS Level II codes for use by counties and other providers, why will DMH not develop that crosswalk?

   There is not a legal requirement for DMH to develop a crosswalk of HCPCS Level II codes for use by counties and other providers. Also, there is not a single crosswalk that would meet the needs of all counties.

j. Has DMH received approval from the Centers for Medicare and Medicaid Services (CMS) to use the HCPCS Level II codes that DMH provided in the July 31, 2003 crosswalk?

   Yes. The HCPCS Level II codes that DMH provided in the July 31, 2003 crosswalk are included in the complete list of approved Level II HCPCS. Refer to the Health and Human Services website at: http://www.hhs.gov/medicare/hcpcs/default.asp.

k. If DMH has received approval from CMS to use HCPCS Level II codes that DMH provided in the July 31, 2003 crosswalk, please provide a copy of any documents from CMS stating such approval.

   The HCPCS Level II codes that DMH provided in the July 31, 2003 crosswalk are national codes approved by CMS, which are posted on their website. There is no documentation provided to individual organizations.

l. Does DMH intend to provide to the counties and providers a crosswalk from DSM IV to ICD IX codes?

   No.

m. If DMH does not intend to provide to the counties and providers a crosswalk from DSM IV to ICD 9 codes, which crosswalk should counties and providers use?

   DMH recommends counties use the DSM-IV crosswalk published by the American Health Information Management Association (AHIMA). This was developed with consultation from the American Psychiatric Association (APA).

n. Will DMH use the ICD 9 codes in the claims adjudication process?

   Claims will not be denied based on the diagnosis code. However, when the staff from the DMH Program Compliance Division reviews samples of claims, they will expect to see appropriate diagnosis codes and documentation that meet Medi-Cal requirements.

4. Billing Increments

   a. Does DMH intend to continue to require counties to bill in one-minute increments?

      Yes. DMH will continue to require specific services to be billed using single minute increments. The CMS has identified Unit of Time (UOT) for some of the HCPCS codes in 15-minute increments. DMH is working with CMS to resolve the time increment issue; however, this issue may not be resolved by October 16, 2003.

b. If DMH intends to continue to require that counties bill in one-minute increments, please explain the method for doing so in light of the federal direction to bill in fifteen-minute increments. Please also provide any documents from CMS which indicate that it has approved of DMH's method of billing in one-minute increments.

   The interim solution for billing one-minute increments is to use .07 units for each minute (.07 = 1 minute, .14 = 2 minutes, 4.2 = 60 minutes, etc.). One-minute increments have been specified in the state Medicaid plan approved by CMS since 1994.

c. If DMH intends to continue to require that counties bill in one-minute increments, how does DMH's proposed billing method, which may involve more than one place after the decimal point, comply with the National Heritage Insurance Company (NHIC) Companion Guide which states that only one place after the decimal point is allowed?

   The NHIC companion guide is specifically for Medicare claims and is therefore not applicable to Short-Doyle/Medi-Cal claiming.

Please contact Julie Baltazar, Chief, Office of HIPAA Compliance, at (916) 654-0497 if you have additional questions regarding HIPAA implementation.

Sincerely,

original signed by

STEPHEN W. MAYBERG, Ph.D.
Director